



Ninety-Seventh Legislature - First Session - 2001
Committee Statement
LB 794

Hearing Date: February 5, 2001

Committee On: Banking, Commerce and Insurance

Introducers: (Landis, Aguilar, Kremer, Tyson)

Title: Provide for deposit of public funds in qualifying mutual savings institutions

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

6	Yes	Senators Landis, Aguilar, Bruning, Jensen, Kremer, Smith
	No	
	Present, not voting	
2	Absent	Senators Tyson, Bourne

Proponents:

Senator David Landis
Jim Turner
Barry Sandstrom
Bill Stovall
Larry Ruth
Robert J. Hallstrom
Kurt Yost

Representing:

Introducer
Heartland Community Bankers Assn.
Home Federal in Grand Island
Hall County Airport Authority
Heartland Community Bankers Assn.
NE Bankers Assn.
NE Independent Community Bankers Assn.

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 794 (Landis) would enact a new section and amend various sections to provide that the funds of a political subdivision may be deposited with “qualifying mutual savings institutions” to the same extent and subject to the same terms, conditions, and limitations, including collateralization required, as may be otherwise provided for the deposit of such funds in banks and in capital stock financial institutions.

The bill would define “qualifying mutual savings institution” as a state or federal mutually chartered building and loan association, savings and loan association, or savings bank which, by its charter and bylaws, provides that (1) interest in the mutual savings institution is limited to the withdrawal value of the political subdivision’s account, (2) the political subdivision has no voting rights in the mutual savings institution, and (3) the political subdivision has no entitlement to any distribution of assets upon voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the mutual savings institution.

Explanation of amendments, if any:

1. The committee amendments would amend new section 1 of the bill to provide that a political subdivision depositor shall “immediately” withdraw its deposits from a qualifying mutual savings institution if such institution amends its charter or bylaws in such a manner that it no longer meets the definition of a qualifying mutual savings institution which entitled it to accept deposits under the bill.

2. The committee amendments would strike from the bill section 34 which would amend section 72-1268.04 of the Nebraska Capital Expansion Act. The Nebraska Capital Expansion Act provides for the state investment officer to deposit state funds in financial institutions in time deposit open accounts. The committee amendments would strike this section because the intent of the bill is to change statutes regarding the deposit of political subdivision funds and not state funds.

Senator David M. Landis, Chairperson